DOCUMENT RESUME

ED 465 486 RC 023 551

| | |
|---|---|
| AUTHOR | Fagnoni, Cynthia M. |
| TITLE | Welfare Reform: Tribes Are Using TANF Flexibility To Establish Their Own Programs. Testimony before the Committee on Indian Affairs, U.S. Senate. |
| INSTITUTION | General Accounting Office, Washington, DC. |
| REPORT NO | GAO-02-695T |
| PUB DATE | 2002-05-10 |
| NOTE | 22p.; Statement of Cynthia M. Fagnoni, Managing Director, Education, Workforce, and Income Security Issues, United States General Accounting Office. |
| AVAILABLE FROM | For full text: http://www.gao.gov/new.items/d02695t.pdf. |
| PUB TYPE | Reports - Research (143) |
| EDRS PRICE | MF01/PC01 Plus Postage. |
| DESCRIPTORS | Adult Education; Economic Development; Federal Legislation; *Poverty; *Program Design; *Reservation American Indians; Tribal Government; Unemployment; *Welfare Reform; Welfare Services |
| IDENTIFIERS | Personal Responsibility and Work Opp Recon Act; *Temporary Assistance for Needy Families; *Tribal Management |

ABSTRACT

A study requested by the U.S. Senate Committee on Indian Affairs examined tribal implementation of Temporary Assistance for Needy Families (TANF). Questionnaires were returned by TANF program directors in 34 states and by 148 American Indian tribes. Meetings were conducted with tribal leaders, program officials, and TANF officials in five states, and representatives of American Indian organizations and federal officials were interviewed. Despite tribal efforts to stimulate economic development, unemployment and poverty rates on reservations remain high, and prospects for economic growth may be limited. Barriers to economic growth on reservations include geographic isolation and lack of education and job skills. The number of American Indian families receiving TANF assistance has declined significantly in recent years. However, on some reservations caseloads have remained the same or increased, and in some states American Indians represent a large and increasing proportion of the total TANF caseload. To date, 172 tribes have designed and administered their own tribal TANF programs, which are allowed flexibility in program design. Rather than emphasizing job search and work, most programs encourage recipients to pursue education or training activities. Challenges in implementing tribal TANF programs include a lack of reliable data on the number of American Indian TANF recipients, lack of infrastructure support, and lack of experience and expertise in administering welfare programs. It is not yet clear whether the flexibility in program design provided to tribes will allow them to meet TANF goals given the economic circumstances on reservations. An appendix lists tribal TANF programs. (TD)

Reproductions supplied by EDRS are the best that can be made
from the original document.

United States General Accounting Office

GAO

Testimony

Before the Committee on Indian Affairs,
U.S. Senate

ED 465 486

For Release on Delivery
Expected at 10:00 a.m.
Friday, May 10, 2002

# WELFARE REFORM

# Tribes Are Using TANF Flexibility To Establish Their Own Programs

Statement of Cynthia M. Fagnoni, Managing Director
Education, Workforce, and Income Security Issues

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

BEST COPY AVAILABLE

RC023551

GAO
Accountability * Integrity * Reliability

Mr. Chairman and Members of the Committee:

Thank you for inviting me here today to discuss how American Indian families have fared under welfare reform. Recognizing the sovereignty of American Indian and Native Alaskan tribes,[1] the Congress included provisions in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) that give tribes the option to administer Temporary Assistance for Needy Families (TANF) programs either alone or as part of a consortium with other tribes rather than receiving benefits and services from state TANF programs. Because of the difficult economic circumstances on many reservations, the law also gives tribal TANF programs more flexibility than it gives to states to design their programs to meet TANF goals. To date, the secretary of Health and Human Services (HHS) has approved 36 tribal TANF programs, which serve over 170 tribes. These programs are still in the early stages of implementation; half of the programs have been operating for fewer than 3 years.

My testimony today is based on the preliminary results of a study that was requested by you, Mr. Chairman, as well as Senators Baucus, Bingaman, Conrad, and Daschle. We expect to issue the report in August 2002. Today, I will focus on four key issues: (1) the economic conditions and the prospects for economic growth on reservations;[2] (2) how the number of American Indians receiving TANF assistance has changed in both state and tribal programs since the welfare reform law was enacted; (3) how tribes have used the flexibility in PRWORA in administering tribal TANF programs; and (4) challenges tribes face in implementing their tribal TANF programs. To obtain this information, we mailed a questionnaire to the TANF program directors in each of the 34 states where at least one federally recognized Indian tribe is based and to 370 federally recognized tribes, including the 36 tribal TANF programs (see appendix I).[3] We received responses from all 34 states (100 percent) and from 148 of the 370 tribes (40 percent). While this response rate is low, it is higher than that of other studies that have surveyed tribes, and we are satisfied that the

[1] In this statement, the term American Indians refers to both American Indians and Alaska Natives.

[2] In this statement, the term reservation refers to all types of tribally owned land.

[3] This also includes surveys sent to the presidents of 9 Alaska Native regional nonprofit corporations. PRWORA limits the entities in the state of Alaska that may operate a TANF program. The Metlakatla Indian Community of the Annette Islands Reserve and the 12 Alaska Native regional nonprofits are the only eligible entities.

results can be used to provide information about the tribes that have responded.[4] We also met with tribal leaders and program officials of 12 tribes in 5 states—Arizona, Idaho, Montana, North Dakota, and South Dakota—as well as state TANF officials in those states. Finally, we interviewed representatives of American Indian organizations, as well as federal officials from HHS' Administration for Children and Families and the Department of the Interior's Bureau of Indian Affairs (BIA). We conducted this review in accordance with generally accepted government auditing standards.

In summary, tribes have used various strategies to stimulate economic development; but despite these efforts, unemployment and poverty rates on reservations remain high, and prospects for economic growth may be limited. Nationally, the number of American Indian families receiving TANF assistance has declined significantly in recent years. However, on some reservations, caseloads have remained the same or increased and in some states American Indians represent a large and increasing proportion of the total TANF caseload. To date, 172 tribes, either alone or as part of a consortium, have used the flexibility in PRWORA to design and administer their own tribal TANF programs to meet TANF goals. However, tribes have faced a number of challenges in implementing tribal TANF programs. These include a lack of reliable data on the number of American Indian TANF recipients; a lack of existing infrastructure support, such as information systems; and a lack of experience and expertise in administering welfare programs. Tribes are still in the early stages of implementing their own programs, and it is not yet clear whether the flexibility in program design provided to tribal TANF programs will allow them to meet TANF goals given the economic circumstances on reservations.

## Background

The Congress passed PRWORA in 1996, making sweeping changes to national welfare policy and placing new emphasis on the goal of work and personal responsibility. The Congress recognized the unique economic hardship facing the 40 percent of American Indians living on reservations by exempting anyone living on reservations with high unemployment from

[4] Survey respondents did not respond to every question. In this statement, we generally report the number that provided a specific response in addition to the total number who provided any response to the question.

the law's 60-month time limit on receipt of TANF cash assistance.[5] Furthermore, the act gave federally recognized American Indian tribes the option to administer their own TANF programs either individually or as part of a consortium, an option they did not have in the past. Under the Aid to Families With Dependent Children (AFDC) program, the precursor to TANF, tribal members enrolled in state welfare programs.

Under PRWORA, tribes implementing their own TANF programs have greater flexibility than states in some areas. For example, for state programs, PRWORA sets numerical goals for the percentage of adults to be participating in work activities and specifically defines the approved work activities that count for the purposes of meeting these federal participation rate goals.[6] The law set state work participation rate goals at 25 percent in fiscal year 1997, increasing to 50 percent in fiscal year 2002. In contrast, tribes can set their own participation rate goals and may define work activities more broadly, subject to approval from HHS. Finally, while states must adhere to a federal time limit on cash benefits of 60 months or less, tribal programs can set their own time limits. Tribes have the same flexibility as states to set their own eligibility requirements and to determine what policies will govern mandatory sanctions for noncompliance with program rules. Tribes and states also have the same flexibility to determine what types of work supports, such as childcare, transportation, and job training, they will provide to recipients.

Some of the requirements to which tribal TANF programs are subject differ from those to which states are subject. For example, eligible tribes must submit a 3-year tribal TANF plan directly to HHS for review and approval; HHS does not approve states' plans, though it certifies that they are complete. Unlike states, whose TANF grants are based on the highest of three possible funding formulas, tribal grants must be based on the amount the state spent in fiscal year 1994 for all American Indians residing

[5] For every month that a reservation has an unemployment rate of 50 percent or greater, TANF recipients are not subject to the cash assistance time limit. Most states use the biennial statistics maintained by the BIA.

[6] Approved activities include: unsubsidized employment, subsidized private or public sector employment, work experience, on-the-job training, job search and job readiness assistance, community service programs, vocational educational training, job skills training directly related to employment, education directly related to employment, satisfactory attendance at a secondary school or a course of study leading to a certificate of general equivalence, or the provision of child care services to an individual who is participating in a community service program.

in the tribe's designated service area. In addition, tribes are not eligible for several sources of additional TANF funding that were originally provided for the states. These include performance bonuses, a population/poverty adjuster (for high-population/low-spending states), and a contingency fund for states experiencing economic downturns. Finally, whereas a state can receive a caseload reduction credit, which reduces its work participation rate goal when its caseloads falls, tribes are not eligible to receive caseload reduction credits.

## Despite Tribes' Economic Development Efforts, Economic Conditions On Reservations Remain Poor, And Tribes Lack Some Key Factors For Economic Growth

Tribes have used various strategies to stimulate economic development; however, unemployment and poverty rates remain high on reservations. To improve the economy on reservations, tribes own many types of enterprises.[7] Despite these efforts, most Indians living on reservations are poor, and many tribes lack some of the key factors research has shown to be associated with economic growth on reservations.

### Tribes Primarily Rely on Developing Tribally Owned Enterprises to Stimulate the Economy on Reservations

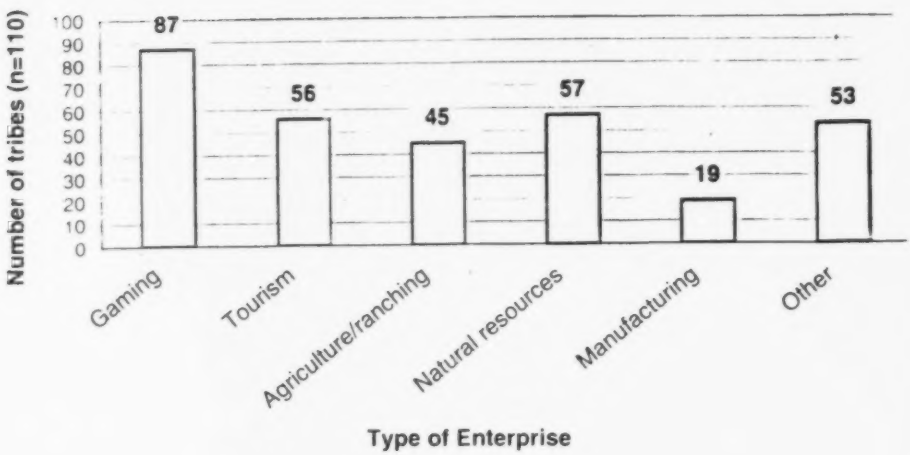
While some tribes encourage private companies owned by nonmembers to locate on their reservations, many tribes responding to our survey place more emphasis on developing tribally owned enterprises. Eighty-seven of the 133 tribes responding to our survey question reported that they place more emphasis on promoting tribally owned enterprises than on encouraging private companies owned by nonmembers to locate on reservations.

Tribes have launched their own enterprises in a number of sectors, which could include gaming, tourism, manufacturing, natural resources, and agriculture or ranching (see fig. 1). Of the 110 tribes with enterprises that

[7] See U.S. General Accounting Office, *Economic Development: Federal Assistance Programs for American Indians and Alaska Natives*, GAO-02-193 (Washington, D.C.: Dec. 2001) for information on federal economic development programs for tribes and tribal members.

responded to our survey question, 22 have enterprises that are concentrated in a single sector and 88 have enterprises in more than one sector.

**Figure 1: Number of Tribes that Reported Owning an Enterprise**




Note: Tribes can own enterprises in multiple sectors.

Source: GAO survey of tribes.

Many tribes own and operate gaming facilities. Contrary to the common perception that tribal gaming has dramatically improved the economic circumstances for many tribes, the most lucrative account for a small percent of all tribally owned gaming facilities. According to our 1997 report, which provides the most recent comprehensive analysis of tribal gaming revenues, 40 percent of total gaming revenues were generated by only 8 of 178 tribally operated gaming facilities.[8] For example, the Coeur

[8] U.S. General Accounting Office, *Tax Policy: A Profile of the Indian Gaming Industry*, GAO/GGD-97-91 (Washington, D.C.: May 5, 1997).

d'Alene gaming facility in Idaho, near Spokane, Washington, and Lake Coeur d'Alene, a major tourist area, generates about $20 million in profit per year. In contrast, officials from the San Carlos Apache Tribe indicated that its gaming facility, located in a remote area, 90 miles from Phoenix, Arizona, barely makes enough money to cover its costs. Furthermore, gaming facilities do not always generate employment for tribal members. Nationally, only a quarter of all jobs in tribally operated gaming facilities are held by American Indians.[9]

The practice of distributing gaming royalties to tribal members is not widespread and, contrary to common perception, payments that are made are not making tribal members wealthy. About a quarter of the tribes that responded to our survey question distributed a portion of their revenues from gaming facilities and other enterprises through per capita payments to members. Of the 87 tribes that reported operating a gaming facility, 28 reported providing per capita payments to members. Of those, 16 provided payments of less than $5,000 (see table 1).

**Table 1: Gaming and Other Sectors in Which Tribes Own Enterprises and Provide Per Capita Payments**

| Gaming and other sectors | No. of tribes | No. of tribes with payments | Amount of annual per capita payment | | | |
|---|---|---|---|---|---|---|
| | | | <$500 | $500-$1,499 | $1,500 to $4,999 | $5,000+ |
| No enterprises | 28 | 1 | 0 | 0 | 1 | 0 |
| Gaming only | 10 | 1 | 0 | 0 | 1 | 0 |
| Gaming and one or more enterprises in other sectors | 77 | 27 | 3 | 8 | 4 | 12 |
| One or more enterprises in sectors other than gaming, but no gaming | 29 | 2 | 2 | 0 | 0 | 0 |
| **Total** | **144** | **31** | **5** | **8** | **6** | **12** |

Source: GAO survey of tribes.

## Despite Economic Development Activities, Indians Living on Reservations Continue to Have High Poverty and Unemployment Rates

Despite tribes' efforts to stimulate the economy on reservations, American Indian families on reservations still have high unemployment and poverty rates. BIA has reported that in 1999—the most recent year for which data are available—more than 40 percent of American Indians living on or near reservations between the ages of 16 and 64 were unemployed, and of those who were employed, a third were below the federal poverty guideline. Unemployment was even higher on some reservations. For example, on the Blackfeet reservation, 74 percent of adults were not employed and 22 percent of employed adults were poor. Our survey results indicate that

[9] National Indian Gaming Association data.

poverty and unemployment rates remain high on many reservations. Fifty of the 127 tribes with reservations that responded to our survey question reported that at least half of all families living on their reservations had incomes below the federal poverty level.[10] In addition, 51 tribes reported that 50 percent or more of adults living on the tribes' reservations were unemployed.

## Many Tribes Lack Key Factors Associated With Economic Growth

Tribal officials we visited indicated that the isolated geographic location and distance from markets of many reservations as well as a lack of education and job skills among workers living on the reservation impact economic growth. For example, a modular home manufacturing plant on the Blackfeet Reservation in Montana has had trouble finding and keeping enough workers with construction skills to expand its business. To overcome this obstacle, the enterprise has worked with the local community college to offer construction training to tribal members on the reservation. The gaming facility owned by the White Mountain Apache tribe was forced to hire non-tribal members. Officials explained that because members lack the basic work and life skills needed to hold such jobs, nonmembers hold most of the better-paid jobs.

A number of tribes also lack some key factors research has shown to be important for economic growth on reservations. These include fully exercised sovereignty, effective governing institutions, and a strategic orientation.[11,12] For example, 45 of the 142 tribes that responded to our survey question stated that they are not participating in a self-governance initiative. In addition, although research indicates the separation of tribal governance and economic development contributes to effective governing institutions, 78 of the 145 tribes that responded to our survey question

[10] In 2001, the federal poverty guideline in the contiguous 48 states was $14,630 for a family of three.

[11] Eddie F. Brown, D.S.W., Stephen Cornell, Ph.D., et al., *Welfare, Work, and American Indians: The Impact of Welfare Reform: A Report to the National Congress of American Indians* (Nov. 27, 2001).

[12] Having culturally appropriate decision-making processes is also often cited as a prerequisite for economic growth on reservations. This means there is a cultural match between governing institutions and the prevailing ideas in the community about how authority should be organized and exercised. For example, while having a centralized system of government with a strong executive branch works well for Apache tribes, which have a tradition of electing their leaders, this form of government may not hold the same legitimacy among members of tribes that traditionally had more decentralized governments.

stated that they do not have an economic development committee or organization that is separate from their tribal government. Finally, 56 of the 140 tribes that responded to our survey question reported they did not have a written plan for improving economic conditions on the reservation, although research indicates that having such a formal approach is an indicator of strategic orientation.

## Fewer American Indians Are Receiving TANF Nationally, But This Trend Has Not Occurred On All Reservations

The number of American Indian families receiving cash assistance in state TANF programs in the 34 states with federally recognized Indian tribes decreased between 1994 and 2001, from almost 68,000 to about 26,000.[13] Part of this decline occurred because many American Indian TANF recipients were served by tribal TANF programs in 2001 and are not included in the data. While data on tribal TANF program caseloads are not available for 2001, tribes have estimated that they could serve as many as 22,000 families. Even if those participating in tribal TANF programs were taken into account, the decline in American Indian families receiving TANF is significant. In comparison, the number of all families receiving TANF fell from about 3.4 million families in 1994 to about 1.5 million in 2001.

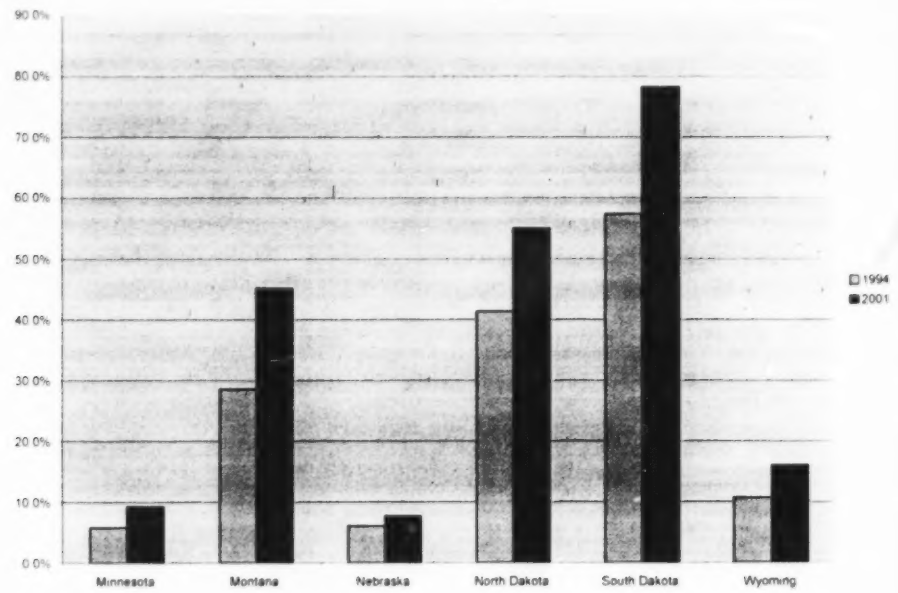
In some states, the share of the caseload made up of American Indians has risen. According to HHS data, the share of the TANF caseload made up of American Indians increased in 6 of the 34 states with federally recognized tribes.[14] As shown in figure 2, the increase has been greatest in South Dakota, Montana, and North Dakota. In South Dakota, the proportion of cash assistance families that were American Indian increased from under 60 percent in 1994 to about 80 percent in 2001. According to the 2000 census, about 8 percent of South Dakota's population were American Indians.[15]

[13] HHS did not report American Indian caseload data for 1994 for states without a federally recognized tribe.

[14] In Idaho, Iowa, Kansas, Nevada, South Carolina, and Texas, the share of the TANF caseload made up of American Indians increased by less than 1 percent between 1994 and 2001. Insufficient data were provided to calculate the change in proportion for three states: Alabama, Florida, and Indiana.

[15] It should be recognized that the race of TANF recipients recorded on their applications may not always be accurate. TANF applicants are not required to disclose their race, and often the caseworker judges the race of the recipient for reporting purposes, which may lead to misidentification. Furthermore, according to an HHS official, until recently, at least one state's TANF application only listed categories for whites, blacks, and Hispanics.

**Figure 2: Proportion of Cash Assistance Caseload Made Up of American Indian Families Has Increased in Some States**




Source: HHS

Although data are not available to confirm this, it is possible that the decline in the number of American Indians receiving TANF has predominantly occurred among those not living on reservations, who represent a majority of all American Indians. Based on responses to our survey, the size of the TANF caseload on some reservations has in fact stayed about the same or even increased. Forty-nine of 97 tribes responding to our survey question reported that the number of tribal members receiving TANF was about the same size or larger than it had been in 1997.

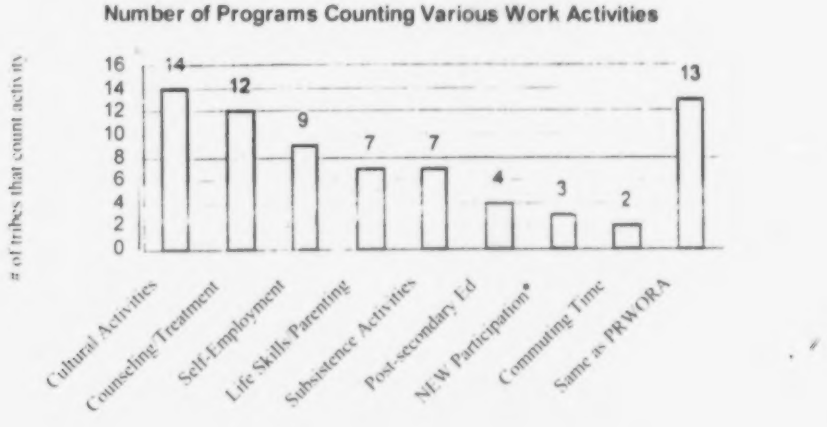
Several factors may contribute to the lack of welfare caseload decline among American Indians in certain places. These include the scarcity of jobs on reservations; the difficulty reservation residents have accessing work supports, such as job training and child care; and cultural or religious ties to tribal lands and strong ties to families and communities that make it difficult for many American Indians to relocate. In addition, like many other TANF recipients, many American Indian TANF recipients

have characteristics such as low education levels and few job skills, which can make it difficult for them to get and keep jobs.

## Flexibility Helps Tribal TANF Programs Meet TANF Goals

PRWORA gives tribal TANF programs flexibility in many areas to tailor their programs to their communities, for example, by defining their own work activities and work participation rate goals, time limits, and eligibility requirements. The 36 tribal TANF programs are given the flexibility to define the activities they count toward meeting the work participation requirement more broadly than state TANF programs, subject to approval by HHS. According to data provided by tribal TANF programs to HHS, about a fifth of all adults engaged in work activities participate in activities that would not count toward meeting work participation rate goals under state plans (see fig. 3), but do count toward meeting work participation goals under tribal programs. For example, the Port Gamble S'Klallam tribe, whose reservation is located on Washington's Puget Sound, allows recipients to count time spent engaged in traditional subsistence gathering and fishing towards meeting the TANF work requirement.

**Figure 3: Number of All Tribal TANF Programs Counting Various Work Activities**




* Participation in tribal Native Employment Works (NEW) program, a tribally administered work activities program.

Source: HHS

In general, rather than adopting an approach similar to most states that emphasizes job search and work,[16] tribal TANF programs tend to encourage recipients to engage in education or training activities. While all of the tribal TANF program officials that responded to our survey question reported using TANF funds for job search, screening and assessment, and other employment services, most also used TANF funds for a variety of education services.[17] Fourteen of the 18 tribal TANF programs responding to our survey question reported that a greater share of their recipients were enrolled in educational activities such as high school equivalency programs, community college, or other job training, than were engaged in employment. In contrast, a majority of TANF recipients engaged in work activities in state programs are in unsubsidized jobs. Officials from several of the tribes we visited reported that their tribal TANF programs emphasize education and training activities because their recipients have low rates of high school completion and high rates of illiteracy.

[16] This approach is often referred to as "work first."

[17] 28 of the 36 tribal TANF programs (78 percent) responded to our survey. Not all programs responded to each question.

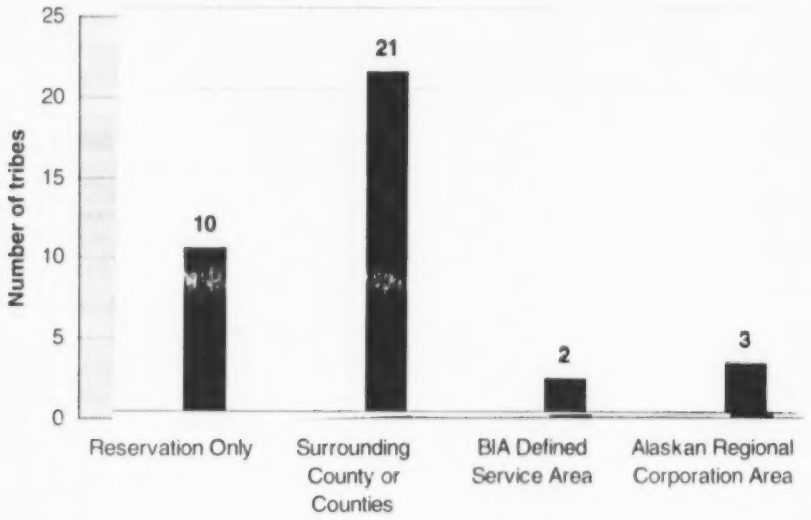
Tribal TANF programs have flexibility to set their own time limits, subject to HHS approval. To date, HHS has not approved any tribal TANF plans with a time limit of greater than 60 months, although at least one tribe has submitted a plan proposing a longer time limit. Thirty-four of the 36 tribal TANF programs have time limits of 60 months; 2 programs have 24-month time limits. While a state may exempt no more than 20 percent of its caseload from time limits due to hardship, tribal programs have the flexibility to determine the share of the caseload they are allowed to exempt from time limits due to hardship. A majority of tribes have the same exemption limit as states, but HHS has approved 10 plans with higher exemption rates. If tribes want to extend benefits beyond the level approved in their plans, they must pay for the benefits with their own funds.[18] Many tribal TANF programs are not subject to time limits because the unemployment rate on the reservations is greater than 50 percent. PRWORA exempts any month from counting toward an individual's time limit if that individual is living on a reservation with a population of at least 1,000 and an unemployment rate of 50 percent or greater, whether they are enrolled in a tribal program or a state program. Of the 29 tribal TANF programs that serve a single tribe, 16 are located on reservations that have unemployment rates of 50 percent or greater, according to the most recent BIA data.[19]

Tribes also have the flexibility to determine many of their own eligibility requirements. This includes the flexibility to determine the area that will be covered by their programs (the service area). Some tribes define their service area as their reservation or land base, while others serve families residing in nearby communities or within the counties that overlap with their reservations (see fig. 4).

[18] States may use their maintenance of effort funds to extend benefits to recipients who reach their time limits but do not fall within the 20-percent exemption. Tribes do not have a maintenance-of-effort requirement and, therefore, do not have the same access to funding for this extension.

[19] Our analysis does not include tribal coalitions that serve residents of more than one reservation. Of the remaining 13 tribal programs that serve residents of one or two reservations, 6 have unemployment rates of 40 to 49 percent and 6 have unemployment rates of 20 to 39 percent.

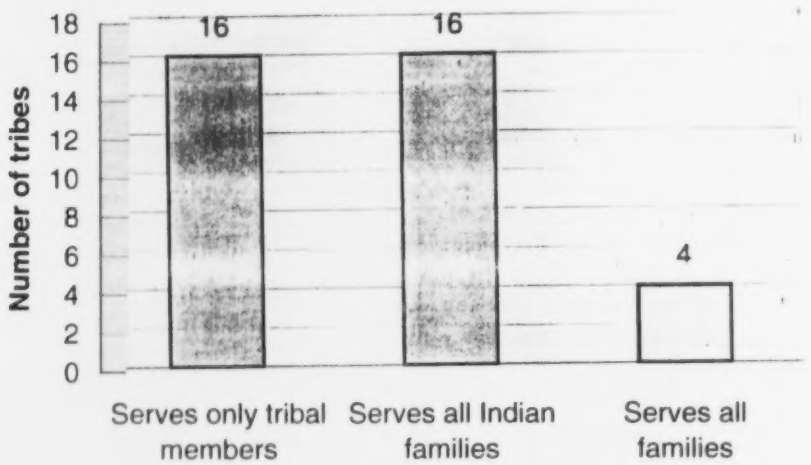
Figure 4: Tribal TANF Program Service Areas




Source: HHS

Tribes also have the flexibility to determine whom they will serve (the service population). Some tribes base eligibility on race or tribal membership; others serve all families in their service areas. Figure 5 shows the decisions all 36 tribal TANF programs have made about their service populations.

Figure 5: Tribal TANF Service Populations




Source: HHS

## Tribes Face Challenges Implementing Their Programs

Tribes have faced a number of challenges in implementing tribal TANF programs. Many tribes have found that data on the number of American Indians are inaccurate, complicating the determination of tribal TANF grant amounts and making it difficult to design and plan programs. Because tribes do not have the infrastructure they need to start their programs, tribes have had to solicit contributions from a variety of different sources to cover their significant start-up costs and ongoing operating expenses. In addition, because tribes do not have experience operating welfare programs, they lack the expertise needed to administer key program features, including determining eligibility. Some tribes have requested and received technical assistance from states and the federal government to help them develop this expertise.

The challenges tribes have to overcome in order to plan, develop, and implement tribal TANF programs include, among others:

**Obtaining the population data necessary to conduct reliable feasibility studies and to plan and design tribal TANF programs.** HHS and tribal officials told us that state data on American Indians is inaccurate, complicating the determination of TANF grant amounts and

making it difficult to design and plan programs. The law specifies that federal tribal TANF grants must be based on the funds expended on American Indians who were residing in the program's designated service area and receiving AFDC from the state in fiscal year 1994. In practice, however, few states collected reliable data on the race of AFDC recipients in 1994, so some tribes negotiate the number on which their grant will be based, according to tribal officials.[20,21] Having accurate data on American Indian caseloads is also critical for tribes as they design their programs and make decisions about how to allocate their resources.

The degree to which any tribal TANF program's federal grant corresponds to its current caseload varies substantially. Some officials attribute this to underestimates of the number of American Indian families who were receiving AFDC in 1994. Others believe that eligible families are more likely to seek benefits from a tribal program, in part because of increased outreach. Changes in the economy and population growth over the past decade have also led to fluctuations in public assistance caseloads on some reservations. The majority of tribes with TANF programs responding to our survey question, 19 of 21, reported that the number of families they were currently serving was the same as, or smaller than, the number of families on which their grant was based. However, 2 of the 21 tribes reported that their TANF caseload was larger than the caseload on which their grant was based.

**Securing or leveraging the resources needed to establish the infrastructure needed to administer tribal TANF.** Because most tribes starting tribal TANF programs do not have the infrastructure they need in place, they have secured and leveraged funding from a variety of sources to meet the basic "start-up" costs involved in setting up a new program. These start-up costs include those for basic infrastructure such as information technology systems. In addition, tribal TANF programs are not eligible to receive any of the performance incentives currently available to states.

[20] This lack of data on American Indian caseloads makes it difficult for states and tribes to determine tribal TANF grant amounts, but it also hinders a tribe's ability to plan and design its programs. The Torres-Martinez Desert Cahuilla tribe of Los Angeles, for example, based its tribal TANF plan on American Indian TANF recipient estimates that turned out to be inaccurate.

[21] If the state and tribe cannot agree on the 1994 caseload numbers submitted by the state, the secretary of HHS, or designee, is required to make a decision on the tribal TANF grant amount.

One infrastructure need that tribes have found particularly difficult to meet is the development of new information systems. Like states, tribal TANF programs are permitted to spend as much of their federal TANF grant on management information systems as they choose, and some tribes have developed systems for their new TANF programs. Unlike states, tribes did not receive additional federal funds expressly for the purpose of developing and operating automated information systems under AFDC, the precursor to the TANF program.[22] Although most of the tribal TANF programs reported using an automated system to report TANF data, many—8 of 27—do not. For example, the Fort Belknap tribal TANF program in Montana has a caseload of 175 families, yet it does not have an automated information system for the collection, processing, and reporting of TANF data. Eleven tribes reported having an automated system devoted to their TANF program. Others use the state's computer system or contract with the state to collect, store, or process data for federal reporting purposes.

Because most tribal TANF funds are used to provide benefits and services to TANF recipients, some tribes have leveraged funds from other federal programs or relied on other sources, including state TANF funds and tribal government contributions. States recognize that it is in their best interest if tribal TANF programs succeed, and therefore most provide at least some of their state maintenance of effort (MOE) funds to tribal programs in their state.[23] HHS reports that 29 of 36 tribal TANF programs receive MOE funds from the states. Some states provide tribes with a share of MOE proportionate to the population they are serving; others provide some start-up costs; and others have not provided any funds. There is little incentive for states to contribute MOE to tribes. The law does not require states to contribute MOE to tribal programs, and in fact, if a tribe opts to administer a tribal TANF program, the state's MOE requirement drops by an amount that is proportional to the population served by the tribal

[22] Between 1980 and 1992, the federal government reimbursed states for 50 to 90 percent of the costs incurred in planning, designing, developing, installing, and operating automated welfare systems. From 1994 to 1997, states could be reimbursed for 50 percent of their automated systems costs. We reported that between 1984 and 1992, the federal government spent more than $500 million annually on state automated AFDC systems. (See GAO-HEHS-00-48 and GAO-AIMD-94-52-FS).

[23] To receive a TANF block grant, each state must meet a maintenance of effort (MOE) requirement, under which it must spend at least a specified amount of its own funds. Under AFDC, state funds accounted for 45 percent of total federal and state expenditures. Under PRWORA, the law requires states to sustain 75 to 80 percent of their fiscal year 1994 level of spending on welfare through the MOE requirement.

program. However, any contributions made by states to tribal TANF programs do count toward a state's MOE requirement.

Most tribal TANF programs that responded to our survey question, 24 of 27, reported that their tribal government made contributions to their TANF program. Eighteen of these respondents reported their tribes contributed office space or buildings. In addition, 15 programs received contributions from the tribal governments to cover other start-up costs.

In addition to securing resources from federal, state, and tribal governments, some tribes have leveraged other funds to enable them to administer tribal TANF with limited resources. One way tribes have been able to do this is by combining TANF and other tribally administered federal employment and training programs into a single program with a single budget through a "477" plan.[24] Tribes with 477 plans are able to save on administrative costs and reduce duplication of services by streamlining the administration of related programs. For example, a tribe with a 477 plan could provide job search and job preparation services to all tribal members through a single program, rather than having a separate program for TANF recipients. To date, 13 tribal TANF programs responding to our survey question have included TANF in their 477 plans. Two of the tribes we visited, the Confederated Salish and Kootenai tribe and the Sisseton-Wahpeton tribe, included their tribal TANF programs in 477 plans, and both tribes indicated that the ability to combine funding sources and streamline service delivery was instrumental in allowing them to administer tribal TANF within their budget constraints.

**Developing the expertise to better implement tribal TANF programs**. Because they do not have experience in administering welfare programs, tribal TANF program administrators have had to quickly develop the expertise to plan and operate tribal TANF programs. Tribal TANF administrators have had to train staff on eligibility determination, data reporting requirements, and administration. They have also had to set up information systems, conduct feasibility studies, and leverage resources to help cover their costs.

[24] The Indian Employment, Training and Related Services Demonstration Act of 1992 (P.L. 102-477) allows federally recognized tribes and Alaska Native entities to combine federal grant funds for employment training, or any related area, into a 477 plan, with a single budget and a single reporting system.

Most of the tribes that responded to our survey reported that states provided them with at least some technical assistance in these areas, but the amount of assistance provided by states varied. PRWORA does not require states to provide technical assistance to tribes, but 19 tribes reported that the state helped them to a great or very great extent in developing their initial concept paper describing their TANF program. In addition, 26 tribal TANF programs reported that they had received technical assistance and support from the state in developing or operating automated systems to collect and report TANF program data. A number of programs reported that they received assistance from the state on other aspects of administering a TANF program. Tribes also reported that HHS has provided them with technical assistance when asked.

Tribal officials indicated that certain types of technical assistance were not readily available to them from states or the federal government. For example, tribes interested in administering tribal TANF often conduct studies to help them determine whether it is feasible to administer their own programs, but neither states nor the federal government had provided tribes with technical assistance on how best to conduct a feasibility study that would provide them with all of the information they needed to make an informed decision. Similarly, some of the tribes we visited indicated that they have little access to information about the "best practices" of other tribal TANF programs, which could help them meet TANF goals.

## Concluding Observations

PRWORA gives tribes a new opportunity to exercise their sovereignty by administering their own TANF programs. At this early stage of tribal TANF implementation, we see tribes making progress in exercising their flexibility by tailoring the design of their programs and engaging their members in a broad array of work activities. However, tribes face challenges in developing the data, systems, and expertise they need to operate their programs.

While tribes have moved forward in establishing their own programs, it is not yet known whether these programs will help recipients find employment before reaching time limits. In addition, it is not yet clear whether the flexibility afforded to tribal TANF programs will allow them to continue to provide benefits and services to those who reach the time limit without obtaining a job. Whether tribal TANF programs will be successful in moving more American Indians from welfare into the workforce will ultimately depend on not only the ability of the programs to meet their recipients' need for income support, education, and training,

but also the success of economic development efforts in providing employment opportunities for American Indians.

Mr. Chairman, this concludes my prepared statement. I look forward to sharing the results of our final study with you in August. I will be happy to respond to any questions you or other Members of the Committee may have.

## GAO Contacts and Acknowledgments

For future contacts regarding this testimony, please call Cynthia M. Fagnoni at (202) 512-7215 or Clarita Mrena at (202)512-3022. Individuals making key contributions to this testimony included Kathryn Larin, Carolyn Blocker, Mark McArdle, Bob Sampson, Catherine Hurley, and Corinna Nicolaou.

# Appendix I: Tribal TANF Programs

| State | Tribal TANF Programs |
|---|---|
| Alaska | Association of Village Council Presidents |
| | Central Council Tlingit and Haida Indian Tribes of Alaska |
| | Tanana Chiefs Conference, Inc. |
| Arizona | Pascua Yaqui Tribal Council |
| | Navajo Nation (also in New Mexico and Utah) |
| | White Mountain Apache Tribal Council |
| | Hopi Tribal Council |
| | Salt River Pima-Maricopa Indian Community Council |
| California | Owens Valley Career Development Center |
| | Southern California Tribal Chairmen's Association |
| | Torres-Martinez Desert Cahuilla Indians |
| Idaho | Coeur d'Alene Tribal Council |
| | Nez Perce Tribal Executive Committee |
| | Shoshone-Bannock Tribes of the Fort Hall Reservation |
| Minnesota | Mille Lacs Reservation Business Committee |
| Montana | Confederated Salish & Kootenai Tribes, Tribal Council |
| | Fort Belknap Community Council |
| Nebraska | Winnebago Tribal Council |
| New Mexico | Pueblo of Zuni |
| Oklahoma | Osage Tribal Council |
| Oregon | Klamath General Council |
| | Confederated Tribes of Siletz Indians |
| South Dakota | Sisseton-Wahpeton Sioux Tribal Council |
| Washington | Lower Elwha Tribal Council |
| | Quinault Indian Nation - Business Committee |
| | Colville Business Council |
| | Port Gamble S'Klallam Tribe |
| | Quileute Tribal Council |
| Wisconsin | Bad River Band of Lake Superior Tribe of Chippewa Indians |
| | Red Cliff Band of Lake Superior Chippewa Indians of Wisconsin |
| | Stockbridge Munsee Community of Wisconsin |
| | Sokaogon Chippewa (Mole Lake) Community of Wisconsin |
| | Lac du Flambeau Band of Lake Superior Chippewa Indians of Wisconsin |
| | Forest County Potawatomi Community of Wisconsin |
| Wyoming | Northern Araphaho Tribe (Wind River) |
| | Shoshone Business Committee |